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CACFP-450

Policy Updates on Three-Year Applications in the Child and Adult Care Food Program (CACFP)

STATE AGENCY DIRECTORS - Colorado DPHE, Iowa, Kansas, Missouri DH,  
(Child Nutrition Programs) Montana DPHSS, Nebraska ED, North Dakota,  
South Dakota, Utah and Wyoming ED

Based on a provision contained in Public Law (P.L.) 101-147, we issued CACFP-331, dated February 24, 1993 which allowed each institution to reapply for participation at a time determined by the State Agency (SA), as long as not more than 2 years had elapsed since its last application approval. That memorandum also specified certain parts of the application packet which required annual updating. In CACFP-420, dated January 23, 1995, we stated that all references to the 2-year interval in CACFP-331 should be changed to reflect the 3-year interval provision instituted in the Healthy Meals for Healthy Americans Act of 1994 (P.L. 103-448).

In March 1995, a meeting was hosted with Regional and State CACFP representatives to discuss strategy for an CACFP Initiative. One of the goals of this Initiative is to streamline the operations of the CACFP in an attempt to make the Program easier to operate at the State and local levels. It was the recommendation of the CACFP work group that our policy on multi-year institution applications be simplified. Specifically, the group believed that the amount and type of information or documentation required to be submitted annually to the SA by reapplying institutions could be reduced without impairing Program administration or integrity. Based on the work group's recommendations and additional evaluation of existing application requirements, portions of the policy on the CACFP application process is being revised.

The revised policy is attached as a five-part document. The titles of each are as follows:

- I. Program Agreement
- II. Revised CACFP Policy Governing The Application Process For Institutions Reapplying For Program Participation
- III. Information and Documentation Required For New Institutions
- IV. Miscellaneous Information and Documentation Requirements

STATE AGENCY DIRECTORS

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V. Chart/Summary-At-A-Glance: CACFP Application And Renewal  
Requirements (developed by the Western Region)

If you have questions pertaining to this subject, please contact my staff at  
(303) 844-0359.

Original Signed by  
Ann C. DeGroat  
ANN C. DEGROAT  
Regional Director  
Child Nutrition Programs

Attachment

bcc: Helena FO  
All CACFP/SFSP Staff  
Schools Section  
Special Projects Section

## **I. PROGRAM AGREEMENT**

In the interest of administrative flexibility and consistent with the permanent agreement provisions in the School Nutrition Programs, P. L. 101-147 allows State Agencies (SAs) to establish permanent agreements between themselves and institutions participating in the CACFP. As is the case with Program application content and approval procedures, SAs have the option of choosing agreement procedures which allow for the most effective administration of the Program. The duration of the agreement may be determined by the SA, and the agreement may be amended in lieu of entering into a new agreement. Any Program agreements which cross over Federal fiscal years must stipulate that they are effective contingent on the availability of Federal funds.

## II. REVISED CACFP POLICY GOVERNING THE APPLICATION PROCESS FOR INSTITUTIONS REAPPLYING FOR PROGRAM PARTICIPATION

Duration - The CACFP policy contained in this revision is being issued on an interim basis in anticipation of the publication of Program Regulations which will govern the application process in the Code of Federal Regulations. It will be superseded by those final Regulations, and State Agencies (SAs) which choose to follow this guidance will be required to comply with the relevant Regulations once they are published. This could mean that SAs might need to make modifications to any application procedures established under this guidance. The determining factor is whether the proposed Regulation now in clearance is published in its current form or is changed during the clearance process.

Applicability - This policy issuance pertains exclusively to institutions reapplying for participation in the CACFP. Institutions seeking to participate in the CACFP for the first time or those re-applying after a break in participation must submit all information and documentation required in current Regulations when applying for participation in the CACFP. New institutions aside, SAs would be permitted to establish their own application processes and requirements under which participating institutions would be required to reapply for the Program.

Please be reminded of the requirement that any institution applying for participation in the Program shall be notified of approval or disapproval by the SA in writing within 30 days of filing a complete and correct application. If an institution submits an incomplete application, the SA shall notify the institution within 15 calendar days of receipt of the application and shall provide technical assistance, if necessary, to the institution for the purpose of completing its application. These time frames are to be used for both new applicants and reapplying applicants.

State Discretion - The frequency with which the institutions' applications must be submitted is limited by the statute, as amended by Public Law 103-448, which requires reapplication for participation at least once every 3 years. Because there is nothing in the statute which requires annual application as the only alternative to the 3-year option, institutions may be permitted to reapply for participation at a time determined by the SA, as long as application approval does not exceed 3 years. This policy issuance would not prevent SAs from retaining an annual application process but would give them the option to consider other more efficient or effective alternatives.

Application Content - This policy issuance does not specify application form or content. The only limitations imposed are the required annual submission of specific information and documentation and the submission of other specified information at a time or times determined by the SA to be necessary for its effective administration of the Program. This information could be collected as part of the "application process" or

through some other means. Generally, the proposed rule provides that SAs be given flexibility in determining the content of the application.

**A. Information and Documentation Requirements - Annual**

Submission of current free and reduced price application information - Current free and reduced price (F/RP) application information must be submitted for child care centers, adult day care centers, outside-school-hours care centers and family day care homes (FDCH) (provider's own children only) on an annual basis. This requirement only applies when such information is not provided to the SA on a more frequent basis (e.g., some states require submission of updates of this information to the SA on an ongoing basis, as changes occur). Institutions do not have to submit the F/RP applications or copies of the applications to the SA, only the number of children eligible for F/RP meals.

Submission of documentation of licensing or approval - The SAs are responsible for ensuring that institutions and facilities participating in the CACFP have current licensing or approval. In addition, the statute requires that SAs confirm the licensing status of institutions and facilities on an annual basis. In carrying out these responsibilities, SAs may establish such documentation procedures as will allow them to fulfill their responsibilities and, at the same time, create administrative efficiencies and limit administrative burden. Such procedures might include obtaining the licensing status of institutions directly from licensing agencies, maintaining a current computer checklist of licensed institutions in their State, etc. In other words, SAs are not required to annually obtain a copy of the actual license. In states which issue licenses for more than one year, the SA may determine whether it is necessary to resubmit copies of licenses that were submitted in a previous year; however, states are responsible for ensuring that all approved centers and FDCHs have current licensing or approval.

Submission of administrative budgets by sponsoring organizations (SO) of FDCHs

Issuance of media release - Institutions must continue to make a release available to media outlets on an annual basis.

**B. Information and Documentation Requirements - At A Time Determined By The State Agency, Not To Exceed 3-Year Intervals**

Submission of administrative budgets by SOs of centers

**C. Information and Documentation Requirements - At A Time Left To State Agency Discretion**

Submission of media release - The actual submission of a copy of the media release to the SA may be required at a time to be determined by the SA.

Submission of management plans by sponsoring organizations - As with media releases, actual submission of the management plan to the SA may be required at a time determined by the SA. However, sponsors should notify their SA whenever significant changes to their operations occur.

Submission of administrative budgets by independent centers

Indication of commodities or cash-in-lieu of commodities preference - State Agencies may permit institutions to report their commodity preferences only when the preference has changed. However, a SA request for cash-in-lieu of all commodities shall be submitted to FCS no later than May 1 of the school year preceding the school year for which the request was made. State Agencies should ensure that sponsors are aware that once a selection to receive commodities or cash-in-lieu is made, they must remain with that choice until the following school year, since SA allotments and cash-in-lieu values are calculated on a full school year basis.

Submission of the current total number of children enrolled by SOs of FDCHs

Submission of F/RP policy statement - In establishing documentation submission requirements for F/RP policy statements, SAs should consider, at a minimum, requiring such documentation when substantive changes occur.

Demonstration of nonprofit status - As with licensing, in carrying out these responsibilities, SAs may establish such documentation procedures as will allow them to fulfill their responsibilities and, at the same time, create administrative efficiencies and limit administrative burden.

Submission of information used to determine eligibility of proprietary centers - This may be done at a time to be determined by the SA; however, this information must be utilized on a monthly basis, for claiming purposes,

Option to receive advance payments - After an initial declaration of preference for all, part, or no advance payments, SAs may permit institutions to report their preference only when the preference has changed.

### III. Information and Documentation Required For New Institutions

Current Program Regulations establish requirements that the Program application submitted by new institutions contain specific pieces of information. Specifically, the application requirements for new institutions must include, at a minimum:

- (1) submission of the Program agreement;
- (2) submission by centers of current enrollment and F/RP meal eligibility information;
- (3) submission by FDCH SOs of enrollment information and an assurance that providers' own children enrolled in the Program are eligible for F/RP meals;
- (4) issuance by institutions of a F/RP policy statement and media release;
- (5) submission of a management plan by SOs;
- (6) submission by institutions of an administrative budget;
- (7) submission by SOs of documentation that centers and FDCHs are in compliance with licensing/approval requirements;
- (8) submission of documentation by proprietary centers that they are in compliance with the requirement that they receive compensation under Title XIX or Title XX for 25 percent or more of their enrollees or for 25 percent or more of their licensed capacity, whichever is less;
- (9) indication by institutions of a preference for commodities or cash-in-lieu of commodities;
- (10) indication by institutions of a preference to receive all, part or none of an advance payment; and
- (11) demonstration of tax exempt status (for nonprofit institutions).

#### IV. Miscellaneous Information and Documentation Requirements

*Annual  
Requirements*

Although not necessarily a part of what is submitted during the actual application process, other items which must be addressed by the SA include:

- (1) The number of potential eligible beneficiaries by racial/ethnic category for the area served by each institution shall be determined each year.
- (2) Copies of procurement contracts must be submitted for SA review. All procurement contracts awarded under the CACFP may not exceed 1 year and may not be renewed noncompetitively except in the case of management companies. Management company contracts also may not exceed a term of 1 year but may be renewed noncompetitively for up to 4 years.
- (3) The appeal procedures adopted by the SA shall be made available in writing each year to all institutions at the time of application for participation in the CACFP.
- (4) State Agencies must ensure each institution meets applicable audit requirements.



# SUMMARY OF CACFP APPLICATION AND RENEWAL REQUIREMENTS

## Renewal Time Frames

Item No.	None: At State Discretion or Permanent	Every 3rd Year	Annually	Type of Organizations Affected	Initial Application Requirements
1.	X <sup>1</sup>	X <sup>2</sup>		All	Program agreement
2.	X			All	Document tax-exempt status <sup>2</sup> (unless a proprietary applicant)
3.			X <sup>3</sup>	All	Document that facilities (centers and/or homes) are in compliance with licensing/approval requirements
4.	X			All	Nondiscrimination policy statement
5.			X	All	Media release issuance
6.	X			All	Media release submission to State agency
7.	X			All	Preference for commodities or cash-in-lieu of commodities
8.	X			All	Preference for full, partial, or no advance payment
9.			X	All Centers	Current free/reduced price meal eligibility information
10.	X <sup>4</sup>			Proprietary Centers	Document compliance with CACFP provisions re Title XIX / Title XX
11.	X			Independent Centers	Administrative Budget
12.		X		Center sponsoring organizations (SO)	Administrative budget
13.			X	FDCH SOs	Administrative budget
14.			X	FDCH SOs	Current free/reduced price meal eligibility information for providers' own children
15.	X			FDCH SOs	Enrollment information and an assurance that providers' own children enrolled in the Program are eligible for free/reduced price meals
16.	X			All SOs	Management plan

<sup>1</sup> May amend instead of completing new agreement when changes are adopted.

<sup>2</sup> For sponsors of centers, tax-exempt status must be documented for each sponsored center as well as for the sponsoring organization.

<sup>3</sup> Unless it is documented that the licensing period extends for multiple years. Do not necessarily have to collect copies of licenses annually.

<sup>4</sup> Must meet 25% beneficiary requirement for each month claimed.